GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:91
ANSWERED ON:25.07.2003
PROTECTION OF SMALL INVESTORS
DR. KIRIT SOMAIYA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have accepted and implemented the recommendations of various expert committees including JPC, Investors' Association to streamline, strengthen, bring transparency in take over code, buy back of shares and investors' protection ;

(b) if so, the efforts made by the regulators, SEBI, Department of Company Affairs, Reserve Bank of India in this regard;

(c) whether bypassing small investors interest is still continuing in Sterlite Industries and other cases;

(d) if so, the major companies having more than Rs. 10 crore paid up capital got listed, applied for de-listing in the year 2002, 2003;

(e) the apprehensions of small investors against these companies; and

(f) the steps taken by the regulators to protect small investors ?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

a)to f):A statement is placed on the Table of the House.

Statement referred in reply to parts (a) to (f) of the Lok Sabha Starred Question No. 91 for 25th July, 2003 regarding Protection of Small Investors.

(a) & (b) : Yes, Sir. Based on inputs received from experts/Committees, SEBI have made amendments to the TakeoverRegulations and issued regulations on buy-back of securities.

(c) : Regarding Sterlite Industries, an appeal has been filed in the hon'ble Supreme Court by SEBI to protect the interest of the share holders. Besides, as the company has come out with another scheme of demerger, SEBI has filed an intervention petition in the Bombay High Court. SEBI has also advised Stock Exchanges toamend listing agreements to safeguard the interest of Small Investors in this regard in all companies.

(d) : As per data available with SEBI, pursuant to an open offer made under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, 20 companies were delisted during 2002 and 19 companies delisted in 2003.

(e) & (f) : Measures taken by the Government to protectinterest of Small Investors include amendment of SEBI Act to check insider trading, fraudulent and unfair trade practices and market manipulation, amendment of Companies Act providing for an Investor Education and Protection Fund and putting up an inter-regulating coordination mechanism with RBI, SEBI, IRDA and Ministry o Finance. In addition, SEBI's delisting guidelines prohibit buy-back route for delisting and provide for reverse book building process for determination of exit price.